GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Chit Fund Act, 1982 – Appeal Petition filed by Sri Gottapu Srinivasa Rao, Visakhapatnam and (6) others against the award passed in Dispute No. 477/2015, dated 20.02.2017 by the Deputy Registrar of Chits, Visakhapatnam – Orders – Issued.

REVENUE (REGN.II) DEPARTMENT

G.O.Rt.No.878 Dated: 20.08.2019

Read the following:-

1. Appeal Petition filed by Sri Gottapu Srinivasa Rao, Visakhapatnam and (6) others dated 08.03.2017.
2. Govt. Memo No.06/Regn.II/A1/2017, dated 31.08.2017.
3. From Sri G.Srinivasa Rao, Visakhapatnam dated 10.04.2019.
4. From Sri G.Srinivasa Rao, Visakhapatnam dated 2.5.2019.
5. Govt. Letter No. 06/Regn.II/A1/2017, dated 28.5.2019, 8.7.2019 and 22.07.2019.

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ORDER:-

Sri Gottapu Srinivasa Rao, Visakhapatnam and (6) others have filed an Appeal Petition under Section 70 of the Chit Fund Act, 1982 against the award in Arbitration Claim Petition No.477/2015, dated 20.02.2017 passed by the Deputy Registrar of Chits, Visakhapatnam.

2. Brief facts of the case is as follows:-

(i) The appellant Sri Gottapu Srinivasa Rao herein has joined the Chit Fund Company as a subscriber in a Chit Group No.FMVL01P-3 for a value of Rs.10,00,000/- which is payable at the rate of Rs.25,000/- per month for a period of 40 months and the appellant has participated in the chit auction held on 25.12.2012 and became successful bidder having agreed to forego an amount of Rs.3,50,000/- out of chit value of Rs.10,00,000/- and after declaring as successful bidder, the appellant submitted 2 to 7 as guarantors, who executed an agreement of guarantee and also executed demand promissory note and other necessary documents in favour of Respondent No.1 (Chit Fund Company) and the company has paid the prize amount of Rs.6,50,000/- on 01.08.2013 through cheque and bid payable adjustment. The appellant paid only 25 installments and thereafter committed default in paying the 26th installment i.e., from November, 2014 onwards. The 1st respondent herein has issued a demand legal notice dated 19.05.2015 to all the opponents through their Advocate. As there is no reply, the 1st respondent filed a dispute application before the Deputy Registrar of Chits, Visakhapatnam and the same was numbered as Dispute No. 477/2015. The Deputy Registrar of Chits, Visakhapatnam sent notices to all respondents herein to appear before the Arbitrator/Dy. Registrar of Chits. Notices served on the respondents 1-5 and Sri P.Srinivasa Rao. Advocate filed counter. Notices to appellants 6 & 7 not served. The Dy. Registrar of Chits, Visakhapatnam ordered notice by way of paper publication against opponents 6 & 7 in Vijayabhanu Daily News Paper on 21.12.2015. Paper publication filed against Opp. 6 & 7 called absent set exparte. The Deputy Registrar of Chits, Visakhapatnam passed award in Dispute No.477/2015 dated 20.2.2017 in favour of the Respondent No.1 herein ordering that the company is entitled to recover a sum of Rs.4,09,400/- (Rupees Four Lakhs Nine thousand Four Hundred only) jointly and severally from opponents 1 to 7 together with interest at the rate of 18% per annum on the principal amount of Rs.3,53,000/- from the date of filing of claim petition i.e., 24.9.2015 to till the date of realization and also Rs.16,316/- towards costs of the dispute.

(ii) Aggrieved by the above said award, the appellant filed the present appeal.

P.T.O

3. The case is posted for hearing on 19.08.2019 at 11.00 a.m. The Counsel for the Appellant and the Counsel for Respondent (Chit Fund Company) attended. Heard both the parties.

4. Government after careful examination of the material available on record, allowed the appeal and the order passed by the Deputy Registrar of Chits, Visakhapatnam is hereby modified. The appellant herein who is the Opponent No.1 and his guarantors who are the other opponents in Dispute No.477/2015 on the file of Deputy Registrar of Chits, Visakhapatnam are hereby directed to pay the Award amount of Rs.3,53,000/- (Rupees Three Lakhs Fifty Three thousands only) (Principal amount), after waive of interest @ Rs.56,400/- and costs of the dispute @ Rs.16,316/- jointly and severally within 3 months i.e., by 20.11.2019. In default, the Respondent No.1 (Chit Fund Company) who is the disputant No.477/2015 is at liberty to proceed as per Chit Fund Act, 1982 to recover the award amount as decreed by Deputy Registrar of Chits, Visakhapatnam in Dispute No.477/2015 after 20.11.2019 from the opponents.

5. In exercise of the powers conferred under section 70 of the Chit Fund Act, 1982, the Government is hereby allowed the appeal of the appellant being common understanding of both the parties and disposed of accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

Dr.D.SAMBASIVA RAO
SPECIAL CHIEF SECRETARY TO GOVERNMENT

To:
1. Sri Gottapu Srinivasa Rao Flat No.402, Sri Lakshmi Narayana Apartment, Visalakshinagar, Visakhapatnam through the Dy. Registrar of Chits, Visakhapatnam
2. Sri Reddy Venkata Ramana, Narsipuram (V), Parvathipuram (M), Vizianagaram District through the Dy. Registrar of Chits, Visakhapatnam
3. Sri Gorja Koteswara Rao, Narsipuram (V), Parvathipuram (M), Vizianagaram district through the Dy. Registrar of Chits, Visakhapatnam
4. Sri Velamala Taviti Naidu, MIT-48, Alakananda Colony, Vizianagaram through the Dy. Registrar of Chits, Visakhapatnam
5. Sri Gottapu Taviti Naidu, R/o Swamy Hospital, Parvathipuram (M), Vizianagaram through the Dy. Registrar of Chits, Visakhapatnam
6. Sri Kuchipudi Ajay Kumar, P.No.125/A., Double Road, MVP Colony, Visakhapatnam through the Dy. Registrar of Chits, Visakhapatnam
7. Smt.Mirthipati Nagamani, P.No.125/A., M.V.P. Double Road, MVP Colony, Visakhapatnam through the Dy. Registrar of Chits, Visakhapatnam
8. Sri M.Gowtham Babu,Advocate, H.no.32-1-1A, Vijayawada through the Dy. Registrar of Chits, Visakhapatnam.
9. M/S Kapil Chits(KOSTA) Private Limited, Visakhaptnam through the Dy. Registrar of Chits, Visakhapatnam
10. The Commissioner & Inspector General, R&S, A.P., Vijayawada.
11. The P.S. to Spl. C.S. to Govt., Revenue (Regn) Dept.

//FORWARDED:BY ORDER//

SECTION OFFICER